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THESIS TITLE

The Role of Generative Artificial Intelligence in Digital Brand Building: A Contextual Study of Hyperpersonalized Campaigns in Lithuania and Nigeria.

Generatyvinio Dirbtinio Intelekto Vaidmuo Skaitmeninio Prekės Ženklo Kūrime: Hiperpersonalizuotų Kampanijų Kontekstinis Tyrimas Lietuvoje ir Nigerijoje

Master's Thesis

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ENGLISH SUMMARY

This paper will address the role that hyper-personalization through generative AI plays in the creation of digital brands, as well as explain how trust, authenticity, and perceived risk of privacy can be used to explain this connection. As brands are beginning to place greater emphasis on AI to deliver personalized digital experiences to consumers, it is important to understand how consumers perceive such interactions to design strong and long-term brand relationships.

The research adopted a quantitative cross-sectional design using a structured online survey to collect data from 200 digital consumers in Lithuania and Nigeria. Measurement scales were supported through pilot testing, the use of established instruments, internal consistency testing using Cronbach's alpha, and construct checks using Exploratory Factor Analysis (EFA) in SPSS.

Descriptive statistics, correlation analysis, multiple regression and mediation analysis were performed using Hayes PROCESS Macro (Model 4). The findings show that trust as well as authenticity play a positive role in the digital brand-building process, while perceived risk of privacy significantly influences consumer reaction to the application of AI for personalization.

In general, the research finding is that hyper-personalization developed by generative AI can be used to enhance digital brand building in situations where the personalization is seen as authentic, believable, and conscious of consumer privacy. To practitioners, the findings demonstrate the roles of responsible use of data and authentic communication towards sustainable digital brand relations.

Keywords: Generative Artificial Intelligence; Hyper-Personalization; Digital Brand Building; Trust; Brand Authenticity; Perceived Privacy Risk; AI-Driven Marketing; Consumer Perception; Technology Acceptance Model

LIETUVIŲ

Šiame darbe nagrinėjamas generatyvaus dirbtinio intelekto (DI) pagrindu vykdomos hiperpersonalizacijos vaidmuo skaitmeninių prekių ženklų kūrime, taip pat aiškinama, kaip pasitikėjimas, autentiškumas ir suvokiama privatumo rizika gali būti naudojami šiam ryšiui paaiškinti. Kadangi prekių ženklai pradeda skirti vis didesnį dėmesį dirbtiniam intelektui, siekdami vartotojams suteikti suasmenintas skaitmenines patirtis, svarbu suprasti, kaip vartotojai suvokia tokias sąveikas, norint kurti tvirtus ir ilgalaikius prekių ženklų santykius.

Tyrime buvo taikytas kiekybinis skerspjūvio tyrimo dizainas, naudojant struktūruotą internetinę apklausą duomenims iš 200 skaitmeninių vartotojų Lietuvoje ir Nigerijoje surinkti. Matavimo skalės buvo pagrįstos bandomuoju tyrimu, patikrintomis matavimo priemonėmis, vidinio nuoseklumo testavimu naudojant Cronbacho alfa bei konstruktų patikra taikant tiriamąją faktorinę analizę (EFA) SPSS programoje.

Aprašomoji statistika, koreliacinė analizė, daugialypė regresinė analizė ir mediacijos analizė buvo atliktos naudojant Hayes PROCESS makrokomandą (4 modelis). Rezultatai rodo, kad tiek pasitikėjimas, tiek autentiškumas atlieka teigiamą vaidmenį skaitmeninio prekės ženklo kūrimo procese, o suvokiama privatumo rizika reikšmingai veikia vartotojų reakciją į dirbtinio intelekto taikymą personalizacijai.

Apskritai tyrimo išvada yra ta, kad generatyvaus dirbtinio intelekto sukurta hiperpersonalizacija gali būti naudojama skaitmeninio prekės ženklo kūrimui stiprinti tais atvejais, kai personalizacija yra suvokiama kaip autentiška, patikima ir atsižvelgianti į vartotojų privatumą. Praktikams šios išvados parodo atsakingo duomenų naudojimo ir autentiškos komunikacijos vaidmenį kuriant tvarius skaitmeninių prekių ženklų santykius.

Reikšminiai žodžiai: Generatyvinis dirbtinis intelektas; Hiperpersonalizacija; Skaitmeninio prekės ženklo kūrimas; Pasitikėjimas; Prekės ženklo autentiškumas; Suvokiama privatumo rizika; Dirbtiniu intelektu grįsta rinkodara; Vartotojų suvokimas; Technologijų priėmimo modelis

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LIST OF ABBREVIATIONS

AI – Artificial Intelligence

DV – Dependent Variable

EFA – Exploratory Factor Analysis

EU – European Union

GDPR – General Data Protection Regulation

GenAI – Generative Artificial Intelligence

IV – Independent Variable

MV – Mediating Variable

PROCESS – Hayes PROCESS Macro for Mediation Analysis

SPSS – Statistical Package for the Social Sciences

TAM – Technology Acceptance Model

CHAPTER ONE
INTRODUCTION

Generative AI is transforming the way brands interact and relate with consumers on the internet. Hyper-personalization provides AI with very customized communications that can enhance interaction and amplify the digital brand presence. Simultaneously, these innovations also pose significant concerns regarding trust, authenticity, and privacy, which are the aspects that have a powerful impact on the interpretation of AI-inspired brand communication by the consumer.

This paper looks at the role generative AI-based hyper-personalization has played in digital brand building with a specific focus on trust, authenticity and perceived risk of privacy. The boundaries of context used in Lithuania and Nigeria represent the dissimilar digital environments which are not comparison context.

The chapter provides the background and relevance of the research and the problem that the study focuses on as well as presenting the aim, objectives, and research questions. It also describes the extent and originality of the work, gives a concise account of the quantitative methodology, and ends with the thesis outline.

1.1 Background of the Study

Digital technology has reshaped the communication and relationship building process of brands with consumers. Marketing is no longer about general, one-size-fits-all communications but is now highly personalized and is enabled by the development of artificial intelligence (AI) and in particular generative AI. Such tools are able to generate text, images and other personalized content that enables the brands to provide more relevant and emotionally captivating experiences (Patil, 2024; Grewal et al., 2025). With hyper-personalization, via real-time behavioural data, brands create personalised interactions in a manner that enhances engagement and works towards digital brand building (Florido-Benítez, 2025).

Simultaneously, such AI-powered interactions are also highly problematic. The perception of trust, authenticity, and privacy by consumers has become the main factor in understanding whether hyper-personalization enhances or undercuts brand relationships (Saura, 2024; Soni, 2024). People do appreciate customised content, yet most of them remain suspicious about the ways their data is gathered and used, which leads to the so-called personalization-privacy paradox.

This paper is placed in two varying digital settings, namely Lithuania and Nigeria, which is used as contextual limits. Lithuania is a country that belongs to the framework of GDPR of the EU, whereas Nigeria is a country that represents the rapidly expanding digital environment

with changing regulatory frameworks (Olayanju, 2025). These settings aid in framing the paper and provide a background of how consumers perceive AI-based personalization, but without considering the countries as comparative cases.

1.2 Relevance of the Topic

This work is topical as it fills one of the existing gaps in current literature: the influence of consumer perceptions of trust, authenticity, and perceived privacy risk on the effect of generative AI-based hyper-personalization on digital brand relationships (Saura, 2024; Soni, 2024). Although the technical or economic advantages of AI in marketing are present in many studies, there are less studies that address the psychological and ethical issues that shape consumer experience of AI-generated content (Grewal et al., 2025).

The combination of these relational constructs within a single empirical framework that is provided by the study helps to support a more human-centered approach to understanding AI in branding. It demonstrates the mediation of the relationship between AI-based personalization and perceived brand value with transparency, emotional sincerity, and responsible data use. The research can also be applied to the digital realms of Lithuania and Nigeria that can be considered effective limits to grasp the consumer expectations when it comes to AI. Lithuania has high GDPR standards, and Nigeria is a rapidly developing digital space with new regulatory strategies (Olayanju, 2025). The contexts do not create a different comparison; they rather support the analysis.

1.3 Problem Statement

Limited empirical research exists on how hyper-personalization by generative AI can affect digital brand building based on consumer attitude towards trust, authenticity, and perceived risk of privacy under various digital and regulatory environments. (Grewal et al., 2025) This paper fills this gap by looking at these relationships in the contextual borders of Lithuania and Nigeria without considering them as a comparison case. There is a lack of empirical research regarding the way that generative AI-based hyper-personalization influences digital brand construction in consumer perceptions of trust, authenticity, and perceived risk of privacy in a variety of digital situations.

1.4 Research Aim and Objectives

Research Aim

The major purpose of this research is to examine how generative artificial intelligence (AI)–driven hyper-personalization influences digital brand building through the mediating roles of trust, authenticity, and perceived privacy risk within the settings of Lithuania and Nigeria.

Research Objectives

In order to achieve this aim, the study will pursue the following specific and measurable objectives in line with the conceptual mediation model:

To measure the extent to which generative AI-based hyper-personalization affects consumer-perception of trust, perceived authenticity and perceived risk of privacy intrusion.

To assess the direct influence of generative AI–driven hyper-personalization on digital brand building outcomes.

To determine the relationship between consumer perceptions of trust, authenticity, and perceived privacy risk and digital brand building outcomes.

To test the mediating roles of trust, authenticity, and perceived privacy risk in the relationship between generative AI–driven hyper-personalization and digital brand building.

1.5 Research Questions

Main Research Question:

How does generative AI–driven hyper-personalization impact on digital brand building through the mediating roles of trust, authenticity, and perceived privacy risk within Lithuania and Nigeria context?

Sub-Questions:

The research question is addressed with help of the following structured sub-questions:

How does hyper-personalization, which is driven by generative AI, changes consumer perceptions of trust, authenticity, and privacy risk?

What is the extent of the influence of generative AI-based hyper-personalization on the results of digital brand building?

To what extent of which consumer perceptions of trust authenticity and perceived privacy risk affect the outcomes of digital brand building

How do consumer perceptions of trust, authenticity, and perceived privacy risk significantly play a mediating role in the relationship between generative AI–driven hyper-personalization and digital brand building outcomes?

1.6 Scope and Delimitation of the Study

The research is devoted to the discussion of the impact of generative AI-based hyper-personalization on digital brand building, and the role of trust, authenticity, and perceived risk of privacy is discussed as the mediators. It analyses the role of these relational factors in influencing consumer reaction to AI-based marketing interactions.

The study is restricted to digital consumers in Lithuania and Nigeria which are contextual upper limits to the study. Lithuania is a GDPR-controlled digital setting, whereas

Nigeria is an emerging digital market whose regulatory framework is still being developed. These contexts are used to frame the study but not directly compare with one another.

Quantitative research design is taken and with the help of structured surveys the relationship between the key variables is measured. The proposed study does not feature other constructs like satisfaction or brand awareness, which makes the examination focused on variables in the proposed conceptual model.

In this context, the research presents fact-based information on the impacts of AI-based hyper-personalization on consumer-brand relationships in ethical and psychological contexts.

1.7 Novelty and Research Contribution

The research contributes to the existing knowledge of digital brand building by connecting hyper-personalization made through the use of generative AI with the psychological aspects of the consumer perception. Though past research emphasizes the technical and economic importance of AI in the marketing field, less research focuses on how AI influences brand relationships through trust, authenticity, and privacy (Grewal et al., 2025; Saura, 2024). Through these aspects of relationships, the paper lays emphasis on the consumer meaning-making, rather than the technological capability.

The study is original because it encompasses Technology Acceptance and Brand Relationship approaches into a single empirical model. Such a mixture can demonstrates how the concept of AI-based personalization may enhance or undermine brand equity based on the perceived trust signals, authenticity cues and privacy practices by consumers (Soni, 2024; Ali et al., 2025). This theoretical amalgamation cuts along the border of algorithmic innovation and human mind reaction.

Contextually, the study makes its contribution by placing its model in the digital space of Lithuania and Nigeria. These environments offer meaningful frames of reference in perceiving what is expected concerning ethical AI adoption, albeit not to serve as comparative cases (Olayanju, 2025). Such a contextual background increases the applicability of the results to various digital markets.

In a practical sense, the study informs marketers about the need to practice transparency, being emotionally genuine, and privacy conscious personalization techniques that underpin long-term brand relationships. It shows that successful AI-based personalization involves a trade-off between the creative facet and the responsible usage of data.

In general, the research contributes to the developing debate of ethical, human-oriented AI in branding, making trust, authenticity, and privacy the key directions in which generative AI shapes the consumer-brand relationships.

1.8 Methodological Overview

This research will take the form of a quantitative research design to explore the impact of hyper-personalization through generative AI on digital brand building, and the mediating variables will be trust, authenticity, and perceived privacy risk. The quantitative method enables the objective measurement and statistical testing of the relationships formulated in the hypotheses of the study.

The data will be gathered among digital customers in Lithuania and Nigeria as the contextual limits to capture the digital and regulatory contexts. The analysis is done on the direct impacts of hyper-personalization and indirect impacts that run through the mediators.

This methodological strategy guarantees objectivity, dependability, and replicability, which creates strong empirical data regarding the way generative AI influences the perception of the consumer and ethical judgment in online brand communication.

1.9 Structure of the Thesis

This thesis is structured into five chapters that build on each other to show how the research and findings have evolved:

In Chapter One, the study starts with an introduction of the background, problem statement, aim, objectives, research questions, scope, novelty, and methodological overview. It determines the focus of the study on trust, authenticity, and perceived privacy risk as the mediating variables of AI-based digital brand building.

Chapter Two critically reviews the literature about the generative AI, hyper-personalization, and digital brand building. It will synthesize the previous literature, define the central gaps, and demonstrate the conceptual framework of the study, explaining the way the mediating variables can connect AI-enabled personalization with the brand outcomes.

Chapter Three presents the research methodology indicating the quantitative research design, the population and sampling, data collection tools, ethical concerns, and the statistical tool used to address the objectives of the research.

Chapter Four. It presents the data screening procedure, the descriptive statistics, reliability and validity tests and results on the direct and mediated effects of the variables in the study.

Chapter Five is a conclusion to the thesis, summarizing the most significant findings, the theoretical and practical implications of the study, limitations, and recommendations on the study to marketers and those who will be interested in studying AI-driven brand communication in the future.

Use of Artificial Intelligence Tools

Artificial intelligence tools were used in the preparation of this thesis for language editing, text clarity improvement, and translation support in selected sections, including the English and Lithuanian summaries. The process of data gathering, data analysis, hypothesis development, and interpreting empirical results were accomplished without any assistance of artificial intelligence techniques. The ethical and academic integrity policies of the Vilnius University Business School were used in the process of artificial intelligence application.

CHAPTER TWO
THEORETICAL FRAMEWORK AND LITERATURE REVIEW

This chapter presents the theoretical and conceptual background of the research. It critically evaluates pertinent academic and empirical literature to explain how generative artificial intelligence (AI) and hyper-personalization mediate digital brand building via trust, authenticity, and privacy. The chapter starts by outlining and tracing the history of generative AI and its increasing use in marketing settings, emphasizing how the given technology can be used to personalize the data at scale. It follows it by analysing the character and scale of digital brand building in AI-mediated spaces, with a special focus on the changes in consumer-brand relations.

After that, it examines the psychological, relationship mediators trust, authenticity and privacy through which consumer reactions to AI-mediated brand experience are defined. Theoretical viewpoints that are incorporated in the discussion include Technology Acceptance Model (TAM) and Brand Relationship frameworks to support the conceptual model. This chapter reflects on the synthesis of previous research, which determines the essential gaps in knowledge and provides the theoretical basis of hypotheses of the study. Altogether, it offers the intellectual framework of connecting the generative AI-based hyper-personalization to the digital brand outcome in the Lithuanian and Nigerian contexts.

2.1 The Conceptualization of Generative AI and Hyper-Personalization

The generative artificial intelligence (AI) has transformed the brand-consumer relationship by creating data-driven creativity and automation. It is defined as systems that can produce original and meaningful outputs including text, visuals, and audio based on learning large volumes of data (Grewal et al., 2025; Huang and Rust, 2021). In addition to automation, generative AI is a creative co-producer that allows marketers to create personalized campaigns and real-time interactions with the brand that replicate human communication (Kshetri et al., 2024; Florido-Benítez, 2025). It provides one-on-one-customized experiences via hyper-personalization, which relies on consumer behaviour and emotional signals (Tjioe et al., 2025).

There is still a wide debate amongst scholars whether it is enabling or disruption of ethics. Considering Prasanna and Kushwaha (2025) who claim that AI-generated creativity and inclusivity make things democratic, and Ali et al. (2025) and Duivenvoorde (2025) emphasize that AI-generated content is indistinguishable which is the killer of authenticity and trust. In a similar vein, Alhitmi et al. (2024) cite the transparency issues and the problem of data protection, stating that personalization may cross into surveillance. Therefore, the influence of generative AI on brand building can go beyond both the technological

performance that it depends on the perceptions of trust, authenticity, and privacy as mediating pillars in this study.

2.1.1 Definition and Evolution of Generative Artificial Intelligence

Generative AI (GenAI) is a fresh stage when marketing intelligence is not predictive but autonomous creation of material. Contrary to the conventional AI that suggests or categorizes, GenAI writes, creates images, and interactive content through learning intricate patterns with data (Wahid et al., 2025). It is now a creative and strategic source, where it can be personalized dynamically and produce campaigns much faster (Hartmann et al., 2024).

This evolution can be followed in three overlapping waves: analytical AI to optimize data, assistive AI to relate with consumers, and currently, generative AI to produce something creative (Patil, 2024; Prasanna and Kushwaha, 2025). This change shifts AI to the position of co-creator of brand identity rather than a supporting factor (Martínez-Rolan and Piñeiro-Otero, 2025). Whereas Grewal et al. (2025) consider this a paradigm shift that will allow scalability, Duivenvoorde (2025) and Ali et al. (2025) warn that the human connection and authenticity will be reduced through the use of algorithmic creativity. In all that, Wahid et al. (2025) and Kshetri et al. (2024) mention that GenAI democratizes creativity in smaller companies, making it more visible and efficient.

Essentially, GenAI is an enabler and disruptor that increases the scope of personalization, but it comes with a new set of worries regarding the ethical responsibility. Its two-sidedness renders it central to the process of comprehending the way in which consumers perceive authenticity, trust and privacy in AI-mediated brand relations.

2.1.2 Applications of Generative AI and Hyper-Personalization in Digital Marketing

Generative artificial intelligence (GenAI) has established itself as a foundation of modern digital marketing and has led to dynamic content generation and hyper-personalised consumer interaction. It also helps brands to create real-time emotionally memorable campaigns (Grewal et al., 2025) and process complex data into versatile stories that appeal to people on an individual basis (Kumar, 2024). It is the start of the era of creative

intelligence (Hartmann et al., 2024) when AI can help marketers not only anticipate consumer behavior but also create individually oriented and context-sensitive content.

The core of this change is hyper-personalization a next-level use of AI-based marketing going beyond conventional segmentation. Behavioral, contextual, and predictive analytics integration helps the brand to create emotional intimacy (Florido-Benítez, 2025; Turki, 2025). According to Tjioe et al. (2025), this promotes what they refer to as digital intimacy in which brands establish emotional proximity with the help of relevance and timeliness. However, too much personalization may seem intrusion as Lee et al. (2022) and

Bleier and Eisenbeiss (2015) warn that it may ruin the authenticity and credibility in circumstances when consumers look at it as manipulation or surveillance.

This contradiction highlights the necessity of the balance in the implementation of AI. Whereas Patil (2024) and Reddy et al. (2023) highlight the possibility of AI helping increase efficiency and limit bias, Ali et al. (2025) and Hussain (2025) caution that the lack of any emotional attachments to AI-generated messages may take away the warmth that the brand ought to be trusted in. Likewise, Conjointly (2025) also notes that numerous consumers are unable to identify AI-generated images, undermining attachment to brands. On the governance side, Cui et al. (2024) underline that ethical application of Generative AI is better at brand positioning but Duivenvoorde (2025) and Weninger and Xu (2025) note that insufficient regulation only leads to increased bias and misinformation.

Combined with other insights, this shows that the effectiveness of GenAI is not driven by technical improvement as much as by ethical alignment. Creativity is something that can be improved using AI with brands that are more objective and more transparent, fair, and allow consumers control as it makes the brand more creative without sacrificing the human authenticity. Hyper-personalization under this form of governance is not only a marketing tactic, but a means of continuing the trust, authenticity and privacy that form the basis of enduring digital brand relationships.

2.1.3 Technical and Ethical Considerations in AI-Based Personalization

a. Implementation Challenges

Hyper-personalization is based on the quality of data, integration, and governance. Incomplete or partial data are inaccurate to the algorithm and less authentic to the perception (Wedel and Kannan, 2016). In addition, unequal access to infrastructure particularly in growing economies leads to the formation of imbalances in the quality of personalization (ITU, 2024; OECD, 2025). The lack of strong regulation may result in a situation known as policy lag, meaning that the use of GenAI is adopted too quickly before being properly regulated (Sands et al., 2024). The result is an augmentation of off-brand or invasive outputs jeopardizing the trust.

Both cultural and regulatory contexts are important in influencing outcomes. In Lithuania, where privacy is controlled by GDPR, high levels of transparency are encouraged, whereas in Nigeria, which has more permissive, less formalized frameworks, innovation can occur at the expense of increasing trust in brand actions (Azeez and Adeate, 2024). The hyper-personalization therefore is effective when there is a fit between governance, transparency, and capability otherwise it will move to the level of relevance to intrusion.

b. Ethical Issues: Transparency, Bias, and Privacy Risks

Trust is based on transparency. As Awad and Krishnan (2006) revealed, the willingness to share information is promoted by the clarity of data use, and Cloarec et al. (2024) showed the opposite of this, stating that the absence of disclosure leads to the loss of authenticity. Another source of threat is bias: generative models have the potential to reproduce cultural misalignments that discredit the brand (Osadchaya et al., 2024). The issue of ethical advertising requires provenance disclosure and the involvement of human beings (Sands et al., 2024).

Facial tracking and granular profiling are more harmful in terms of privacy risks (Ciftci et al., 2024). It is not aimed at removing personalization, but rather at guaranteeing consensual proportionality with the help of minimized data in a transparent and respectful user agency (Azeez and Adeate, 2024). This is essential as it should be a multilayered model of trust, which includes the reliability of the system, fairness in the process, and respectful outcomes (Ferrario et al., 2020). Personalization of the brand helps make the company stronger when these components come together; failure results in surveillance which weakens trust and authenticity.

2.2 Digital Brand Building in the Age of Generative AI

The digital brand building has been transformed by generative artificial intelligence (GenAI) to allow brands to create, test, and improve experiences by automating and hyper-personalizing them. Classical branding was based on human innovation and rigid classification, but GenAI leads to real-time, dynamic interactions that transform according to the consumer behavior. However, as much as the technology increases precision of the creation process, it also brings serious concerns regarding trust, authenticity, and privacy, which is fundamental to sustainable brand relationships.

Grewal et al. (2025) describe GenAI as a catalyst for brand differentiation, enabling context-aware communication that deepens engagement. Similarly, Cui, van Esch, and Phelan (2024) view generative systems as redefining competitive advantage by turning static branding into an ongoing dialogue between brands and audiences. But in the case of AI content that appears to be misleading or unrelated to human intent, Ali et al. (2025) warn that the same automation, which results in making content more relevant, can negatively affect the perceived authenticity.

Ethically, Ahmed et al. (2025) note that there has been a decade of change towards the use of AI in trust building, where loyalty is associated with moral governance and openness rather than only message quality. This argument is extended by Hussain (2025) based on anthropomorphism of brands, which demonstrates that AI systems that imitate warmth and empathy can make a brand more human and increase trust. Despite that, as Dwivedi et al. (2023) pointed out, consumers can experience authenticity fatigue and begin to ask if a

business is genuinely sincere when AI-generated content is indistinguishable from human skill.

This concern extends to visual branding: Weninger and Xu (2025) caution that bias and contextual insensitivity in AI-generated imagery can distort brand meaning, while Bui (2025) finds that disclosure of AI involvement improves perceived transparency and trust. In the meantime, Irawan, Ady, and Sayidah (2024) demonstrate that algorithmic storytelling the combination of data-driven insights with narrative branding to increase both authenticity and emotional engagement is effective. Steenkamp (2020) supports this by emphasizing that brands must align global technological innovation with culturally grounded storytelling to sustain trust.

Context further shapes these dynamics. In Lithuania, strong GDPR-based governance promotes ethical personalization and reinforces privacy-based trust, whereas in Nigeria, rapid but less regulated AI adoption accelerates innovation but intensifies consumer skepticism (Azeez & Adeate, 2024; OECD, 2025). In general, the strength of GenAI in brand development is not its technical advancement but its capability to strike a balance between innovation and integrity, which is one of the themes of this study.

2.2.1 Concept and Dimensions of Digital Brand Building

Digital brand building is the process of establishing and maintaining a distinct identity and emotional connection in online environments (Bresciani & Ewing, 2015). Interaction and co-creation have replaced one-way communication, making trust, authenticity, and privacy the key factors of success.

According to Keller (2008), strong brands refer to brands founded on consistent associations, quality, and loyalty dimensions that are now mediated in terms of algorithmic interactions. Steenkamp (2020) applies the notion to the digital age, where consumer trust no longer relies on exposure but on perceived integrity and information ethics. Therefore, brand equity is becoming more about practical trust, getting the belief that brands are open, responsible, and genuine in their online engagement.

Three dimensions define digital brand building in the GenAI context:

Brand Identity: Is defined as how a brand expresses its personality and values across platforms. Even algorithms have made identity representation more personal and adaptive to the specific users' tone, imagery, and message. Lin and Ku (2023) caution that excessive automation may disrupt brand coherence, while Brüns and Meißner (2024) empirically demonstrate that AI-generated content frequently diminishes perceived authenticity in the absence of human craftsmanship.

Band Engagement is the degree of emotional and intellectual involvement a consumer has in brand interactions (Apenes Solem, 2016). The hyper-personalized storytelling can

strengthen this connection, but as Petzer and Van Tonder (2019) caution, privacy violations or manipulative engagement tactics trigger distrust instead of loyalty. Effective engagement therefore depends on respecting users' data boundaries.

Brand Loyalty: is defined as the outcome of loyal experiences through positive reoccurrence that give rise to advocacy and emotional loyalty (Brakus, Schmitt, and Zarantonello, 2009). Kiang (2024) finds that AI-enhanced personalization improves retention when perceived as relevant and respectful, while Rejitha and Jayalakshmi (2025) confirm that trust remains the most significant predictor of loyalty in AI-mediated relationships.

These dimensions together make up the dependent variable for digital brand building in this thesis. Whether it will be effective depends on the capability of hyper-personalization to address the mediating variables of trust, authenticity, and privacy in AI-based settings.

2.2.2 Role of AI in Shaping Brand Identity, Engagement, and Loyalty

GenAI allows brands to generate creative and data-driven content that improves identity and engagement, but such advantages depend on human credibility. Prasanna and Kushwaha (2025) highlight that hyper-personalized brand narratives can project consistent identity and empathy when guided by ethical design. Likewise, Cui et al. (2024) observe that AI-based branding enables companies to convey the so-called intelligent empathy by balancing analytical accuracy with the warmth provided by humans.

Conversely, Ali et al. (2025) and Dwivedi et al. (2023) argue that excessive automation weakens perceived sincerity and moral accountability. Florido-Benítez (2025) and Tjioe et al. (2025) show that emotional alignment in personalization boosts engagement only when consumers trust data handling and perceive content as authentic. Soni (2024) warns that without privacy assurance, personalization becomes performative, appearing attentive but lacking ethical depth.

For loyalty, Kiang (2024) and Rejitha and Jayalakshmi (2025) conclude that transparent data use strengthens customer retention, while algorithmic opacity undermines it. GenAI, therefore, serves as a brand integrity facilitator and stress test. Trust transforms automation into connection, authenticity maintains identity coherence, and privacy sustains long-term loyalty the three mediating variables through which GenAI influences brand equity.

2.2.3 Consumer Perceptions in AI-Mediated Brand Experiences

Today consumers are active decoders of AI-mediated brand communication. Their impressions are dependent on whether personalization is either relevant or intrusive. Grewal et al. (2025) and Soni (2024) describe the problem as the "personalization privacy paradox," where consumers value tailored content yet distrust opaque data practices.

From the angle of authenticity, Ali et al. (2025) and Brüns and Meißner (2024) review how AI-generated pictures can appear less genuine due to the absence of human intent;

conversely, Hussain (2025) argues that anthropomorphic design can restore emotional connection by simulating empathy. Dwivedi et al. (2023) added that when AI is perceived as "too intelligent," users encounter cognitive dissonance and begin to raise ethically related questions about such interactions.

Trust consistently emerges as the deciding factor. Khalfallah and Keller (2025) emphasize that transparency and ethical alignment are prerequisites for sustained engagement, while Tabasum et al. (2025) link digital surveillance to declining trust among privacy-aware users. Saura, Škare, and Ozretić Došen (2024) further conclude that perceived ethical alignment, the belief that a brand employs AI responsibly, determines acceptance of personalization.

Overall, consumer perception in AI-mediated branding depends on how convincingly technology conveys human values. Personalization helps to create a sense of connection and loyalty when transparency and authenticity are present and causes manipulation and resistance when they are not. In this study, consumer perception is therefore positioned as the psychological bridge linking AI-driven hyper-personalization (IV) to digital brand building (DV) through the mediating influences of trust, authenticity, and privacy.

2.3 Mediating Variables: Trust, Authenticity, and Perceived Privacy Risk

The psychological basis of hyper-personalization reinforcing or weakening digital brand building in AI-mediated branding is trust, authenticity, and perceived privacy risk. They explain how consumers interpret algorithmic communication: trust answers “can I rely on this?”, authenticity answers “does this feel true to the brand?” and privacy answers “were my boundaries respected?” (Saura, Škare, & Ozretić Došen, 2024; Saxena & Thakur, 2024). These variables are interrelated but distinct; together they convert technological capability into relational value or, if mishandled, into skepticism and disengagement (Khalfallah & Keller, 2025; Tabasum et al., 2025; Ali et al., 2025).

2.3.1 Consumer Trust in AI-Enabled Marketing

Trust is the cornerstone that turns automated relevance into credible relationship building. When applied to AI, it is a sign of trust that the systems are just, fair, and in line with the interests of the user (Oyekunle et al., 2024). Beyond technical reliability, trust requires emotional assurance: even robust assurance mechanisms cannot sustain intention without perceived integrity (Saxena & Thakur, 2024). Research shows AI-generated content supports loyalty only when consumers trust how it was created and how data were used (Ali et al., 2025).

Yet trust is paradoxical. Consumers depend on AI for convenience while doubting its ethics the personalization–privacy paradox (Saura et al., 2024). Surveillance cues elevate anxiety and depress trust (Tabasum et al., 2025). Some propose emotional AI to reduce

distance (Khamayseh, Yusoff, & Khudari, 2025), but others caution that anthropomorphism can feel manipulative if transparency is thin (Grewal et al., 2025). Net effect: trust grows where brands demonstrate clear disclosure, consistent performance, and moral alignment, and it mediates the path from hyper-personalization to loyalty (Rejitha & Jayalakshmi, 2025). Context matters too: in Nigeria, trust norms emphasize fairness and reciprocity in data gathering (Azeez & Adeate, 2024), underscoring that trust is socially constructed.

Synthesis: Trust = transparency + reliability + ethical alignment. With trust, AI engagement becomes relational; without it, personalization remains transactional.

2.3.2 Brand Authenticity in Digital and Automated Environments

Authenticity is the emotional proof that a brand remains true to its values when communication is automated. AI content often risks lower perceived authenticity because audiences miss human intent and spontaneity (Brüns & Meißner, 2024; Ali et al., 2025). Nevertheless, authenticity is a co-created concept: it is enhanced when the brands disclose AI applications, are consistent, and use human-related cues. Anthropomorphized, warm AI can humanize brand presence (Hussain, 2025), and AI-generated visuals can be read as “authentically creative” when provenance is transparent (Bui, Filimonau, & Sezerel, 2024).

Transparency is therefore the hinge. When consumers see that personalization follows responsible data practices, authenticity and trust rise together (Khalfallah & Keller, 2025; Saura et al., 2024). Conversely, as AI mimics humans more closely, audiences may experience synthetic sincerity and question what is real (Dwivedi et al., 2023; Grewal et al., 2025).

Synthesis: Authenticity translates machine precision into emotional resonance; it holds when AI use is disclosed, consistent with values, and recognizably human-aligned.

2.3.3 Privacy Concerns and Their Impact on Consumer Behavior

Privacy is the moral boundary of personalization. Consumers want relevance but resist opaque profiling (Saura et al., 2024; Soni, 2024). Privacy perception functions as a behavioral filter: ethical data handling reduces anxiety and supports engagement; opacity triggers avoidance and weakens relationships (Saxena & Thakur, 2024). Surveillance and granular tracking intensify stress, especially in light-governed contexts (Tabasum et al., 2025).

Still, privacy can enable branding when done right. Clear policies, meaningful control, and privacy-preserving techniques (e.g., minimization, opt-in) signal respect and strengthen brand image (Soni, 2024; Patil, 2024). Classic evidence shows transparency increases willingness to be profiled (Awad & Krishnan, 2006), while newer work reframes privacy as a dynamic calculus people reassess trade-offs as control and benefit become visible (Cloarec, Meyer-Waarden, & Munzel, 2024; Ciftci, Berezina, & Soifer, 2024).

Synthesis: Privacy management is the moral compass that determines whether personalization feels empowering or extractive and thus whether it contributes to brand equity.

2.3.4 Interrelationships Among Trust, Authenticity, and Privacy

These three mediators are working as a trinity:

The structural basis is privacy. The lack of credible data practices prevents the establishment of trust, and the authenticity claims becomes believable (Saura et al., 2024). Trust gives cognitive validation. Consumers sees trust AI-mediated content as safe and fair with transparent, reliable systems, and this makes it possible to establish authentic connection (Rejitha and Jayalakshmi, 2025; Ali et al., 2025). Authenticity brings emotional appeal. It validates that AI-powered messages portray the actual voice of the brand; when perceived it builds trust (Khalfallah and Keller, 2025; Bruns and Meissner, 2024). The conditions of privacy are also determinants of a relationship of trust and authenticity: authenticity cues are no longer credible under the perceived surveillance (Soni, 2024; Tabasum et al., 2025). In the presence of controls and disclosure, the same cues seem to be a sign of care instead of control.

2.4 Theoretical Foundations of the Study

This study draws on the Technology Acceptance Model (TAM) (Davis, 1989) and Brand Relationship Theory (Keller, 2008; Choudhury & Harrigan, 2014) to explain how consumers cognitively, emotionally, and ethically respond to generative AI–driven hyper-personalization in digital brand building.

TAM captures the technological-cognitive side how perceived usefulness and ease of interaction shape acceptance, while Brand Relationship Theory explains the psychological-ethical side of how trust, authenticity, and privacy determine whether technology-mediated personalization strengthens or weakens brand relationships (Dwivedi et al., 2021; Grewal et al., 2025). These models, combination make AI a system that is taken on by users as well as rational actors who are being judged by consumers.

Rationale for Integration

Generative AI puts marketers in the position of bridging the gap between computational logic (efficiency, automation) and human logic (emotion, ethics). TAM offers the predictive base for understanding adoption, while brand relationship theory adds interpretive depth, showing why people trust, value, or reject algorithmic personalization. Dwivedi et al. (2021) and Grewal et al. (2025) emphasize that marketing research must move beyond acceptance metrics to consider psychological meaning. This study uses both frameworks in order to connect the perceived usefulness and ease of use (TAM) with the trust, authenticity, and privacy (brand relationship) as mediating variables affecting digital brand building.

Table 1 Link between theories and study variables

Variable	Theoretical Link	Supporting Sources
Independent Variable: AI-driven hyper-personalization	Perceived usefulness and ease of interaction (TAM) explain consumer openness to AI-enabled personalization.	Davis (1989); Musa et al. (2024); Chandani et al. (2025); Prasanna & Kushwaha (2025)
Mediators: Trust, Authenticity, Privacy	Derived from Brand Relationship Theory; reflect emotional, ethical, and relational acceptance of AI.	Keller (2008); Choudhury & Harrigan (2014); Saura et al. (2024); Khalfallah & Keller (2025); Rejitha & Jayalakshmi (2025)
Dependent Variable: Digital Brand Building	Rooted in brand image and relationship theory linked to loyalty, engagement, and perceived credibility.	Brakus et al. (2009); Bresciani & Ewing (2015); Steenkamp (2020)

Critical Comparison of Theories

TAM (Davis, 1989) explains how consumers adopt technology through cognitive evaluation. Musa et al. (2024) and Chandani et al. (2025) confirm its enduring predictive power in AI contexts, but scholars such as Belmonte et al. (2024) argue it lacks emotional and ethical dimensions crucial for generative AI, which often blurs human–machine boundaries.

Brand Relationship Theory fills this gap. Keller (2008) and Choudhury & Harrigan (2014) perceive brand equity as relation based on trust, commitment, and moral sense. Rejitha and Jayalakshmi (2025) prove that trust is a mediator between brand interaction and loyalty, which is reflected in the model of this study. Amugongo et al. (2025) further note that cultural norms shape moral responsibility in technology use, supporting this research's delimitation of Lithuania and Nigeria as distinct digital ecosystems rather than direct comparators.

Synthesis: TAM offers adoption logic; brand relationship theory provides meaning logic. Their integration enables analysis of both how consumers accept AI and why they trust it.

2.4.1 Technology Acceptance Model (TAM)

TAM assumes that the attitudes to technology are determined by the perceived usefulness and ease of use, which predict behavior intention (Davis, 1989). These perceptions

control the perception of value and the intrusion of algorithmic personalization by consumers in generative AI marketing.

Musa et al. (2024) and Chandani et al. (2025) show that TAM remains valid but must include ethical dimensions such as trust and control. Prasanna & Kushwaha (2025) link usefulness to real-time personalization, while Grewal et al. (2025) caution that excessive automation erodes perceived control—a bridge to this study's mediators of trust and privacy.

Ease of use also matters: intuitive chatbots and conversational AI (Belmonte et al., 2024; Dwivedi et al., 2021) enhance adoption yet blur moral boundaries when they simulate empathy (Saura et al., 2024). Amugongo et al. (2025) stress that cultural views of fairness and empathy further mediate trust.

Hence, TAM remains retained as the cognitive anchor and expanded to include trust, authenticity and privacy as psychological conditions that allow for long-term engagement.

2.4.2 Brand Image and Relationship Marketing Perspective

Brand Image Theory is the theory of how consumers develop meaning and emotional attachment to brands. Keller (2008) defines brand image as "the set of the associations formed through experience and communication," whereas Bresciani & Ewing (2015) identify co-creation as critical for digital branding.

In the context of artificial intelligence, these meanings are more and more algorithmic. Steenkamp (2020) notes that global digital brands now become dynamic through data-driven personalization. Bruns & Meissner (2024) and Ali et al. (2025) note that there is a decrease in authenticity in the absence of disclosure in AI-generated content. Transparency thus becomes the bridge between personalization and sincerity.

Relationship Marketing extends this by explaining trust and reciprocity as the glue of sustained engagement (Choudhury & Harrigan, 2014). Rejitha & Jayalakshmi (2025) confirm that trust mediates brand interaction–loyalty links, while Hussain (2025) shows that empathetic AI humanizes brand voice. Yet, when personalization invades privacy, relational trust collapses (Saura et al., 2024). So, authenticity, trust, and privacy operate as relational validators of technological efficiency.

2.4.3 Integrated Theoretical Framework

Combining TAM with Brand Image and Relationship Marketing produces a Technology–Trust–Brand Loop:

Technological Cognition (TAM): Perceived usefulness and ease of use shape initial openness to AI personalization (Davis, 1989; Musa et al., 2024).

Relational Evaluation: Consumers assess authenticity and trustworthiness of AI communication (Brüns & Meißner, 2024; Hussain, 2025).

Ethical Reflection: Privacy concerns govern whether personalization feels empowering or exploitative (Saura et al., 2024).

Brand Outcome: When the three mediators align, digital brand equity grows through loyalty, engagement, and advocacy (Steenkamp, 2020; Rejitha & Jayalakshmi, 2025).

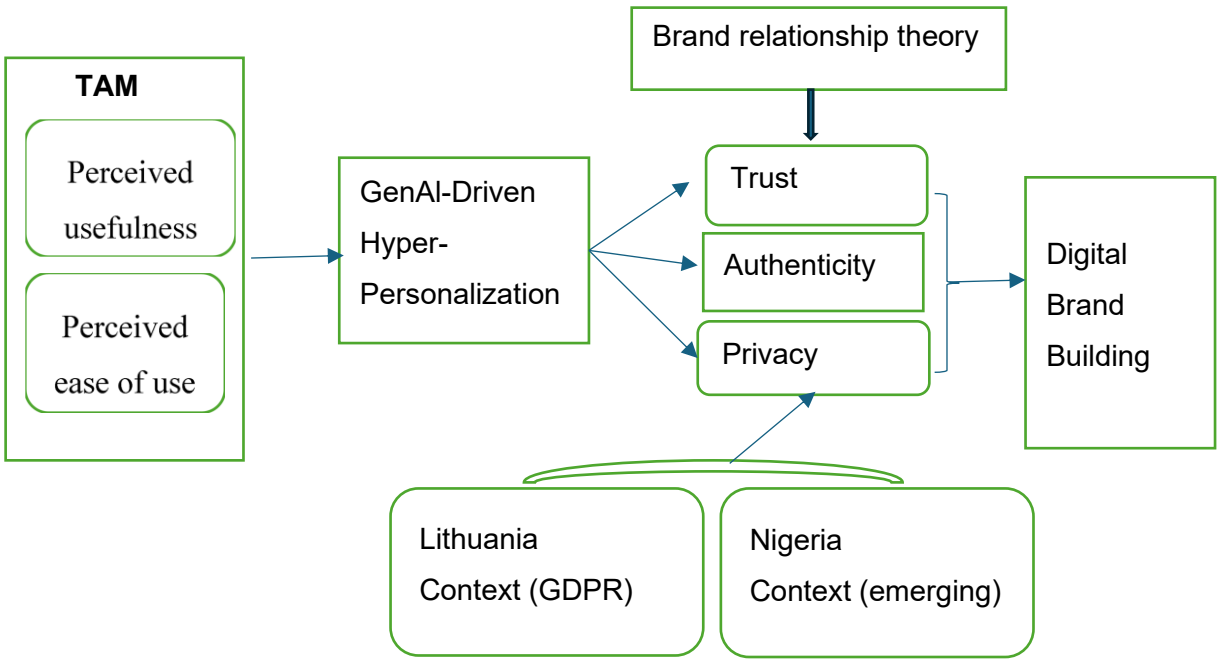
This loop describes the process of cognitive acceptance as well as emotional meaning-making. It identifies trust, authenticity and privacy as the psychological connections between the technological potential of AI and ethical expectations of consumers.

Contextual Relevance

In Lithuania, strong enforcement of GDPR increases the importance of privacy and transparency in gaining trust. In Nigeria, where digital innovation is ahead of regulation, authenticity and sincerity are the primary focus of brand evaluation (Olayanju, 2025). The contextual nuances serve as delimitations rather than comparisons, illustrating the integrated model's adaptability to diverse socio-digital contexts.

In summary, TAM, brand image, and relationship marketing integration are holistic theoretical foundations for this research. The framework reveals that generative AI–driven hyper-personalization builds digital brands only when consumers perceive interactions as useful, transparent, authentic, and ethically aligned. Technological acceptance derives meaningfulness in branding when it is filtered through trust, authenticity, and privacy, which serve as mediators to transform data intelligence into human connection.

Figure 1Integrated Theoretical Framework Combining TAM and Brand Relationship Theory



Integrated Theoretical Framework combining Technology Acceptance Model

(TAM) and Brand Relationship Theory in the context of Generative AI-driven Hyper-Personalization. The diagram shows the impact of TAM's perceived usefulness and ease of use on hyper-personalization and its effect on the mediators' trust, authenticity and privacy as theorized by brand relationship models. These mediators collectively impact digital brand-building outcomes. Contextual factors from Lithuania (GDPR-regulated) and Nigeria (emerging market) influence the mediating relationships, highlighting the socio-digital regulation differences shaping consumer perceptions.

2.5 Synthesis of Literature and Research Gap

2.5.1 Evaluation of Prior Empirical Studies on AI, Personalization, and Branding

Recent studies show that artificial intelligence (AI) is transforming marketing through predictive and hyper-personalized engagement (Huang & Rust, 2021; Kumar, 2024; Florido-Benítez, 2025; Tjioe et al., 2025). While these works confirm functional benefits, fewer examine relational and ethical outcomes. Grewal et al. (2025) and Ali et al. (2025) observe that AI-generated content enhances innovation but can erode authenticity when perceived as manipulative. Likewise, Soni (2024) and Saura et al. (2024) identify the enduring personalization–privacy paradox. Together, these findings highlight trust, authenticity, and privacy as essential psychological mediators of AI acceptance, yet most studies address them separately rather than within a unified empirical framework linking personalization to digital brand building.

2.5.2 Inconsistencies and Limitations in Existing Research

Current research remains methodologically imbalanced and contextually narrow. Conceptual studies (Prasanna & Kushwaha, 2025; Dwivedi et al., 2021) dominate over quantitative tests of relational variables, while industry reports (Conjointly, 2025) overlook emotional implications. Empirical results diverge: some find that AI fosters empathy and engagement (Cui et al., 2024; Hussain, 2025), others that automation undermines authenticity (Brüns & Meißner, 2024). Most focus on performance metrics, neglecting ethical and cultural mediators such as transparency and fairness (Amugongo et al., 2025; Khalfallah & Keller, 2025). Moreover, evidence largely stems from advanced economies, leaving psychological and ethical dimensions of AI-brand interaction underexplored in emerging contexts like Lithuania and Nigeria.

2.5.3 Identified Research Gap and Contribution of the Current Study

Synthesizing these insights reveals a clear research gap at the intersection of technological acceptance, relational perception, and ethical mediation in AI-enabled brand

communication. While the Technology Acceptance Model (TAM) explains adoption and Brand Image Theory explains perception, few empirical studies combine these frameworks with the mediators of trust, authenticity, and privacy to understand how AI-driven hyper-personalization influences digital brand building.

Accordingly, this study contributes to the literature in three keyways:

Theoretical Integration: It bridges TAM with Brand Image and Relationship Marketing theories, creating a unified model that captures both cognitive acceptance and emotional engagement within AI-mediated branding.

Empirical Innovation: It quantitatively tests a mediation model in which trust, authenticity, and perceive privacy risk jointly explain how generative AI–driven hyper-personalization affects consumer perceptions of digital brand building.

Contextual Relevance: It extends AI-marketing research to underrepresented digital environments in Lithuania and Nigeria, treating them as contextual delimitations that illustrate contrasting regulatory and cultural settings without forming a direct comparison.

By filling these gaps, the study contributes to academic and managerial understanding of consumer responses to AI-driven personalization and how the ethical, emotional and cognitive mechanisms influence these responses. It contributes a holistic, contextually grounded framework for analysing the role of generative AI in digital brand building, where technological innovation and ethical trust converge.

2.5.4 Research Model of the Study

This research suggests a research model that will examine the effect of generative AI-based hyper-personalization on digital brand building, both directly and indirectly through trust, authenticity, and perceived privacy risk as a mediating variable. The model puts the theoretical discussion into empirically testable relationships and underlies the quantitative analysis that appears in Chapter Three and Chapter Four.

The effectiveness of generative AI-based hyper-personalization in this model is measured by the consumer attitudes on the relevance, usefulness, and personalness of AI-based brand experiences, which have been established as effective measures of how perceived personalization works (Davis, 1989; Kumar, 2024; Prasanna and Kushwaha, 2025).

The concept of trust is operationalised as the confidence of consumers in the reliability and the credibility of the brands that engage AI-mediated personalization and measured in terms of the perceptions of dependability and trust in AI-mediated communication (Choudhury and Harrigan, 2014; Saura et al., 2024).

Authenticity represents how far the AI-generated brand messages are perceived as real, authentic and consistent with brand identity and is measured by consumer judgments of sincerity and honesty (Keller, 2008; Bruns and Meissner, 2024; Hussain, 2025).

Perceived privacy risk is a factor that captures consumer fears about collecting and controlling data in AI-based personalization, and it is indicated by perceptions of data vulnerability and privacy intrusion (Awad and Krishnan, 2006; Ciftci et al., 2024).

Digital brand building is the outcome variable, which is evaluated based on consumer perceptions of brand engagement, credibility, and loyalty in the digital environment, which is in line with the previous branding studies (Keller, 2008; Brakus et al., 2009; Bresciani and Ewing, 2015).

In general, the study model places trust, authenticity, and risk of perceived privacy as major psychological and ethical processes by which hyper-personalization based on generative AI influences digital brand building, which offers a clear and coherent scope of empirical testing.

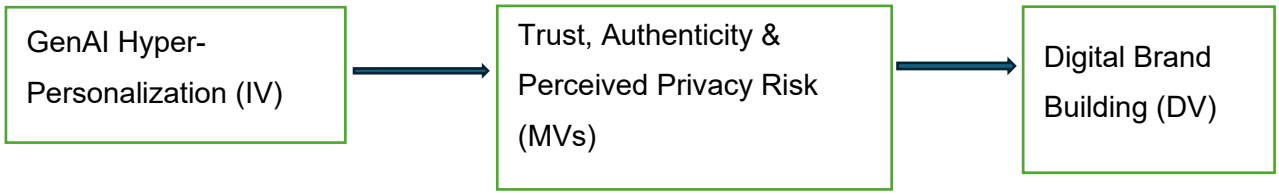
2.6 Conceptual Framework and Hypotheses Development

2.6.1 Overview of the Proposed Conceptual Model

Building on TAM and Brand Relationship perspectives, the model explains how generative AI–driven hyper-personalization (IV) affects digital brand building (DV) through three mediators: trust, authenticity, and privacy.

GenAI raises perceived relevance and innovation (Huang & Rust, 2021; Florido-Benítez, 2025) but also triggers evaluation of authenticity and privacy (Soni, 2024; Saura et al., 2024). These relationship perceptions influence the results of engagements and equity (Ali et al., 2025; Rejitha and Jayalakshmi, 2025). Therefore, hyper-personalization motivates brand value to the level that it gains trust, is a sign of authenticity and does not violate privacy (Steenkamp, 2020).

Figure 2 Model Logic



Hypotheses Development (H1–H4)

GenAI-driven hyper-personalization positively affects consumer perceptions of trust and authenticity and negatively affects perceived privacy risk.

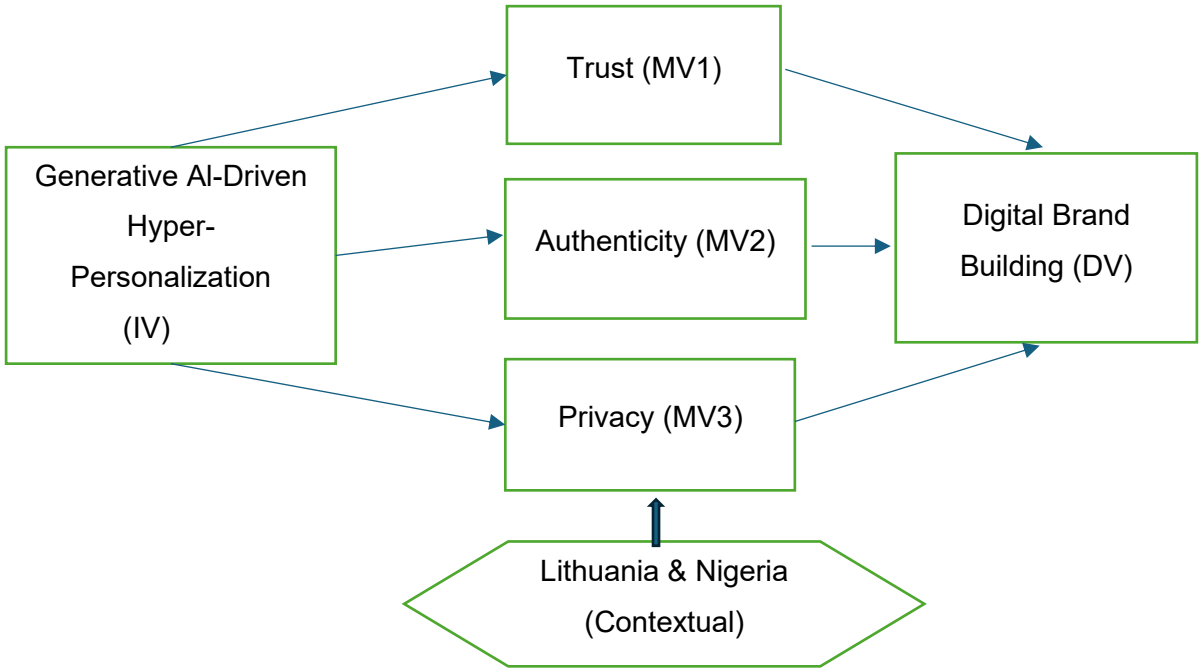
GenAI-driven hyper-personalization has a positive direct effect on digital brand building.

Trust and authenticity positively influence digital brand building, while perceived privacy risk negatively influence digital brand building.

Trust, authenticity, and perceived privacy risk mediate the relationship between GenAI-driven hyper-personalization and digital brand building.

Visual Representation of the Conceptual

Figure 3 Conceptual Framework linking hyper-personalization, consumer perception (trust, authenticity, privacy), and digital brand experience, with relational outcomes and cultural context as moderator



Note: The model will be tested quantitatively (survey; mediation analysis via SPSS), consistent with Chapter One.

CHAPTER THREE
RESEARCH METHODOLOGY

This chapter discusses the methodological procedure employed to investigate the effect that generative AI-based hyper-personalization has on digital brand building (both direct and via the mediating effect of trust, authenticity, and perceived privacy risk). It is based on the conceptual model of Chapter Two and reflects the quantitative design that was used to test the hypotheses contained in the study.

The chapter outlines the sampling procedure, data collection method and how the survey tool was developed using measurement scales that had been validated. It also gives the statistical methods applied to analyse the data, that is, reliability and validity test, regression analysis and mediation test.

The ethical considerations are considered so as to provide that the study satisfies the requirements of institutional and data protection. On the whole, this chapter forms the empirical basis of the perception process of the consumers to the AI-powered personalization in the contextual framework of the study contexts in Lithuania and Nigeria.

3.1 Research Design and Approach

This research design selected in this study is a quantitative and cross-sectional research design entailing an investigation of the effect of the concept of generative AI-based hyper-personalization effects on digital brand building using the mediating variables of trust, authenticity, and perceived risk of privacy. The quantitative methodology is appropriate since it enables one to measure the study variables objectively and statistically test the hypotheses based on the conceptual framework, which is a combination of Technology Acceptance Model (Davis, 1989) and Brand Relationship Theory (Keller, 2008).

The design justifies the measuring of both direct and indirect effects among the study variables, which is in line with the objective of the study, to deliver data-driven information on customers' responses to AI-enabled personalization. The information was gathered via a structured online questionnaire to online consumer in Lithuania and Nigeria, which were taken as a contextual framework of the study.

A qualitative and mixed-method methodology was not considered to remain within a rigorous hypothesis-based methodology that is appropriate for regression-based mediation analysis. This type of design contributes to the qualities of objectivity, replicability, and clarity in analysing the understanding of hyper-personalized brand communication as perceived by consumers (Hair et al., 2019; Hayes, 2017).

3.2 Population, Sampling, and Sample Size

This research study is aimed at digital consumers who use AI-enabled tools to engage with the brands via chatbots, personalized recommendations, and automated advertising. These users would be suitable in evaluating perceptions of trust, authenticity and perceived risk of privacy in hyper-personalised digital spaces.

Information was gathered on respondents located in Lithuania and Nigeria, which are contextual boundaries of the study. These places represent various digital environments, but they are not compared. The aim of applying a non-probability purposive sampling method was that the sample size should have an earlier experience with AI-driven marketing interactions. To reach active digital consumers, the recruitment was done online via social media and digital communities, university networks.

The questionnaires were given to 300 people (150 in both conditions). Out of these 235 were returned and screening of the data saved 200 valid responses (100 per context). This is a relatively large sample size, which coincides with the suggested amounts of the required sample size in quantitative research involving multiple regression and mediation analysis, especially when the regression methods and mediation testing procedures are applied (Hair et al., 2019).

Such a sampling technique is enough to allow the researcher to possess adequate statistical power and conduct a credible analysis of how generative AI-led hyper-personalization influences consumer perceptions within the context of the study.

3.3 Data Collection Procedure

This study used a structured online survey as the means to collect data on the topic, which meant obtaining quantitative data on digital consumers in Lithuania and Nigeria. The online format also was suitable, as it corresponded with the digital nature of the research and provided an opportunity to approach participants who were well-acquainted with AI-mediated brand interactions.

To make the survey accessible on different devices, it was designed using online tools of Google Forms and Qualtrics. It was disseminated through social media, professional forums, and university mailing lists to have a wide and diverse range of people active online to engage with it.

Three hundred questionnaires were circulated- 150 each in each scenario. Out of these 235 responses returned, and following the process of eliminating incomplete and inappropriate responses, 200 valid responses (100/200 of each context) were selected to be analysed. This is a good response rate because it gave a sufficient and credible data on which the planned mediation and regression tests would be applied.

A pilot test was carried out on 30 participants (15 in each context) before the actual data collection was done in order to clarify the understandability, flow and reliability of the survey items. The pilot feedback helped to correct wording and make the questionnaire suitable to both types of respondents.

The involvement to the study was voluntary and anonymous. At the start of the questionnaire, informed consent was sought, and the respondents were assured confidentiality and the option of dropping out at any point. No personal information was gathered and, therefore, a high level of compliance with the principles of ethical research and data protection, including the requirements of GDPR provisions.

The survey was meant to take between 8 and 10 minutes and the items were open-ended but Likert-type to ensure they were easy to answer and analyse. Data was collected within a span of four to six weeks because it was necessary to give sufficient time to both contexts to respond.

3.4 Research Instrument and Measurement

This study is based on a structured questionnaire which is adapted from validated measures used in Digital marketing, AI adoption research and brand relationship research. The instrument uses the relationships of generative AI-powered hyper-personalization (independent variable), mediators (trust, authenticity, and perceived privacy risk), and digital brand building (dependent variable).

The questionnaire is split into 4 sections:

Section A–Demographics: Gathers background data regarding the age, gender, education, occupation and country of residence to facilitate a background knowledge on the respondents.

Section B–Generative AI–Driven Hyper-Personalization: Based on the perceptions of AI-enabled personalized experiences, this part uses items modified by Prasanna and Kushwaha (2025) and Kumar (2024).

Section C–Mediating Variables: Section C Mediating Variables:

Trust Items based on Oyekunle et al. (2024) and Saura et al. (2024), which are concerned with reliability, transparency and integrity of data.

Authenticity These are based on Bruns and Meißner (2024) and Hussain (2025) and measure emotional authenticity, content authenticity.

Perceived Privacy Risk According to Awad and Krishnan (2006) and Ciftci et al. (2024), the assessment of comfort of using data and the feeling of control.

Section D–Digital Brand Building: Basing this on Keller (2008) and Rejitha and Jayalakshmi (2025): it is necessary to capture engagement, loyalty, and perceived credibility in digital space.

Every item was rated using five-point Likert-scale (1 = Strongly Disagree to 5 = Strongly Agree).

Reliability was assessed using Cronbach's alpha, with values of 0.70 and above considered acceptable (Kline, 1999). Validity was supported through the use of established measurement scales, expert review, pilot testing, and construct checks using Exploratory Factor Analysis (EFA) in SPSS to confirm that items aligned with their intended constructs (Hair et al., 2019).

Content validity was supported through expert review of academics' supervisors and digital marketing practitioners. A pilot test with 30 respondents was used to refine the item wording and make sure the items were clear and relevant for the study context(s).

This well-constructed and validated tool gives the same measure of all constructs, which helps to give a solid base to the mediation analysis to be discussed in the following chapters.

3.5 Data Analysis Techniques

The data analyses processes used in the research were planned to test the hypothesized correlations between generative AI-based hyper-personalization and the mediators (trust, authenticity, and perceived privacy risk) and digital brand building. The statistical reliability, validity, and methodological rigor were ensured with a structured and systematic analytical approach (Hair et al., 2019; Kline, 2016).

The data collected was then filtered to eliminate incompletes, duplicates, or inconsistent responses. Demographic characteristics were summarized using descriptive statistics, which gave an overview of the sample.

3.5.1 Measurement Quality Assessment

In order to determine the quality of the constructs:

Reliability and validity were assessed prior to hypothesis testing to ensure measurement quality. Internal consistency was evaluated using Cronbach's alpha, with values exceeding the recommended threshold of 0.70 (Kline, 1999). Construct validity was examined through factor loadings and inter-construct correlations to confirm that the measures captured distinct theoretical concepts (Hair et al., 2019).

3.5.2 Hypothesis Testing and Mediation Analysis

To test the hypotheses of the study, inferential statistical procedures were used:

Correlation analysis: Initial relationships between variables were evaluated by way of correlation analysis.

Multiple regression analysis: This was used to examine the direct effect of hyper-personalization on trust, authenticity, perceived risk of privacy and a digital brand building.

The mediation analysis was conducted in Hayes PROCESS Macro (Model 4) in SPSS to check whether trust, authenticity, and perceived privacy risk had a mediating effect on the correlation between hyper-personalization and digital brand building (Hayes, 2017).

All analyses were conducted at a significance level of $p < .05$ using SPSS, with Hayes' PROCESS Macro (Model 4) employed for mediation analysis.

This analytical approach provided a robust evaluation of the measurement quality and mediating relationships, supporting the empirical results presented in the next chapter.

3.6 Ethical Considerations

Ethical integrity is the most important aspect of this research, particularly because it covers the matters of artificial intelligence, consumer data, and privacy. The General Data Protection Regulation (GDPR) of the European Union, the Vilnius University Business School code of ethics and relevant ethical guidelines in Nigeria are all followed in this research.

Ethical consent was given before collecting the data, and a pilot test was performed, with 30 participants involved to ensure testing of the survey tool besides being transparent and protecting the respondents. The informed consent statement was provided to all of the respondents with regard to the nature of the research, voluntary status of the study, and guarantee of anonymity.

They were made to understand that:

- There would also be no personally identifiable data (including names, email addresses, or IP data) collected.
- Only academic purposes would be taken into consideration.
- They were free to drop out of the study anytime with impunity.

Secure online survey platforms were used to collect data and the files were retained in password-protected folders that are only accessible to the researcher and academic supervisor. Once the research is finished, anonymized data will be saved to verify them in the future and then will be deleted according to Vilnius University data retention policy.

In line with the research focus on trust, authenticity and perceived risk of privacy, the questionnaire was built with non-intrusive, non-manipulative and non-leading questions. The participants felt respected, and they were told about the way their contribution would help learn more about the consumer views of AI-driven brand communication.

The adherence to these ethical standards helps the study to guarantee research integrity and be in accordance with the values that the theoretical basis of the research is built on (responsible data handling, transparency, and respect to individual autonomy).

3.7 Reliability and Validity of the Instrument

Reliability and validity were established to ensure that the research instrument measured the study constructs in a consistent and appropriate manner. Reliability is the term used to determine the stability and internal consistency of the measurement scales, whereas the validity displays the extent to which the instrument was able to record the theoretical concepts being tested.

The reliability was evaluated based on the alpha of Cronbach, and the value of 0.70 and higher has been accepted as acceptable when it comes to internal consistency (Kline, 1999). The questionnaire had all the constructs meeting this threshold, implying that the items in the questionnaire were always able to measure the intended variables. Also, a pilot test was carried out on 30 respondents before the actual data collection in order to assess the clarity of the items, their wording, and the overall item layout. The pilot study provided feedback which was used to make minor adjustments in order to enhance the reliability of the instrument.

The validity was justified in a number of procedures. First, the content validity was obtained through the adaptation of measurement items in other scales that were already established as valid in AI-driven marketing, branding, and consumer behaviour studies. Academic supervisors and practitioners in digital marketing went through these items to ensure their relevance, clarity, and relation with the study constructs. Second, the construct clarity was tested with the Exploratory Factor Analysis (EFA) in SPSS. This analysis was useful to assert that the items were loading on their respective constructs and they were indicative of the underlying theoretical construct of the study (Hair et al., 2019)

Together, these reliability and validity procedures ensured that the measurement scales were suitable for subsequent multiple regression and mediation analyses using Hayes' PROCESS Macro.

3.8 Summary of the Chapter

This chapter presented the methodological framework used to examine the effect of generative AI-driven hyper-personalization on digital brand building through the mediating roles of trust, authenticity, and perceived privacy risk. The research design that was used in the study was a quantitative, cross-sectional study and it was suitable in hypothesis testing and to examine the direct and indirect relationship between the study variables.

The chapter explained the target population and purposive sampling approach, highlighting how digital consumers in Lithuania and Nigeria were recruited through online channels It also outlined the modal of data collection and this entailed the application of a structured online questionnaire and also a pilot test which aimed at perfecting the instrument of the research.

The research instrument was described in terms of its development with particular focus given to validated measurement scales and ethical data collection methods. The data analysis strategy was also detailed, including reliability testing using Cronbach's alpha, construct checks using Exploratory Factor Analysis (EFA) in SPSS, multiple regression analysis, and mediation analysis using Hayes' PROCESS Macro (Model 4).

Such ethical aspects as voluntary involvement, anonymity, and compliance with the GDPR, as well as responsible data processing, were also addressed. In general, the chapter gave a clear and methodologically solid basis for the empirical analysis. The next chapter presents the results of the statistical analyses and tests the hypothesised relationships between hyper-personalization, trust, authenticity, perceived privacy risk, and digital brand building.

CHAPTER FOUR
RESULTS AND ANALYSIS

This chapter presents empirical findings of the study on the effects of the hyper-personalization created by generative AI on online brand-building where trust, authenticity, and perceived risk of privacy act as the mediating variables. It is analysed using the quantitative data obtained by researching on digital consumers in Lithuania and Nigeria, as outlined in Chapter Three methodological steps.

This chapter starts with data screening and an information about the demographic characteristics of the respondents. The study's analysis shows the descriptive statistics of the core constructs and assesses the quality of the measurement scales using reliability and validity checks (e.g., Cronbach's alpha and item-level assessments). Hypotheses are then tested using multiple regression and mediation analysis (PROCESS Macro, Model 4) to examine direct and indirect effects of hyper-personalisation on digital brand building.

The mediation analysis is performed to determine the explanatory factors of trust, authenticity and perceived risk of privacy in the proposed conceptual framework.

The chapter ends with a complete summary of the hypothesis testing findings, which provides the statistical basis of the discussion, implications, and the conclusion in Chapter Five.

4.1 Data Screening and Preparation

Data were screened to be complete, accurate and quantifiable in such a manner as per the best practices of multivariate analysis (Hair et al., 2019). Out of the 300 questionnaires that were administered, 200 valid replies were collected after eliminating the cases that had a lot of missing data or patterned answers that indicated lack of attention. Mean substitution was applied to fill in small missing values but in a rather conservative way so as not to fiddle with the dataset (Kline, 2016).

Mahalanobis distance was used to assess multivariate outliers and extreme non-representative cases were eliminated to ensure the stability of subsequent analyses. Skewness and kurtosis were examined to assess data normality and were found to be within acceptable ranges for regression-based analysis (Kline, 2016).

There were procedural and statistical tests against common method bias (CMB). The single-factor test allowed by Harman revealed that no other factor was dominant, which meant that the CMB risk was low. Additional mitigation measures like anonymity of respondents, use of neutral terms and isolation of construct parts were implemented in the process of designing the survey (Podsakoff et al., 2003).

Together, these screening procedures helped to ensure that the dataset was reliable, clean and fit for subsequent regression and mediation analyses.

4.2 Demographic Profile of Respondents

The demographics of the 200 participants that comprised the final dataset are depicted in this section. These variables provide the conceptual background for how diverse the sample is and assure its applicability to the study of consumer perceptions of hyper personalization driven by generative AI in Lithuania and Nigeria.

The demographic variables that will be captured include age, sex, level of education, profession and country of residence variables that are applicable to digital literacy, exposure to communication of brand communication powered by AI and conceptualization of trust, authenticity and privacy.

The sample indicates that it has a relatively young digitally active, gender balanced and well-educated population. The occupation can be students, working professionals, and even entrepreneurs; it is observed that the interest in the digital brands can differ. There was nearly equal representation of Lithuania and Nigeria as the respondents, and this provided sufficient contextual diversity without suggesting inter-country comparison.

Table 1 Age Distribution of Respondents

Age Group	Frequency (n)	Percentage (%)
18 - 24	62	31
25 - 34	88	44
35 - 44	41	20.5
45+	9	4.5

Note: This table shows the age distribution of respondents and provides context for exposure to digital and AI-enabled brand interactions.

Table 2 Gender Distribution

Gender	Frequency (n)	Percentage (%)
Male	104	52
Female	92	46
Other/Prefer not to say	4	2

Note: To describe the sample composition, this table shows the gender breakdown of the respondents. Gender is reported to ensure balanced representation in perceptions of AI-enabled brand interactions.

Table 3 Education Level

Education Level	Frequency (n)	Percentage (%)
Secondary School	32	16
Undergraduate Degree	84	42
Postgraduate Degree	66	33
Other (Vocational etc.)	18	9
Total	200	100

Note: This table shows the education levels of respondents to describe the sample composition. Education provides context for familiarity with digital and AI-enabled brand communication.

Table 4 Occupation Distribution

Occupation	Frequency (n)	Percentage (%)
Employed	76	38
Student	52	26
Entrepreneur	34	17
Other	38	19

Note: This table shows the occupational distribution of respondents to describe the sample profile. Occupation provides context for different levels of exposure to digital and AI-enabled brand interactions.

Table 5 Country of Residence

Country	Frequency (n)	Percentage (%)
Nigeria	102	51
Lithuania	98	49

Note: This table shows the country of residence of respondents to provide context for the study. Country of residence reflects different digital and regulatory environments.

4.3 Descriptive Statistics of Key Constructs

This section provides the descriptive statistics of the five core constructs of the study Generative AI-Driven Hyper-Personalization, Trust, Authenticity, Perceived Privacy Risk, and Digital Brand Building. These figures give a rough idea of the experience and assessment of the respondents of AI-enabled brand communication.

All in all, the respondents have indicated positive attitudes towards AI-based personalization and brand-building effects, comparatively mediocre authenticity scores, and increased concern about privacy threats. These tendencies mirror an overall optimistic shift toward the acceptance of the generative AI, which is mitigated by ethical issues of data use, which justifies the theoretical premises made in the previous chapters.

The main summary of the findings obtained in the descriptive study

Hyper-Personalization was also rated positively (M = 3.85): most of the respondents overall consider AI-driven personalization as relevant and useful.

Trust was rated highly (M = 3.95), which means that respondents express trust in brands that apply transparent and responsible AI.

There was moderate authenticity (M = 3.60), which is also in line with the literature that states that AI-generated content can look less human.

Perceived Privacy Risk was relatively low (M = 2.70) but with more variation as still there were some concerns about data practices.

Digital Brand Building had the highest score (M = 4.15), which means a high level of consumer interest and favourable brand results.

Table 6 Descriptive Statistics of Key Constructs

Construct	Mean	Standard Deviation	Minimum	Maximum
Hyper-Personalization	3.85	0.60	2.00	5.00
Trust	3.95	0.65	1.50	5.00
Authenticity	3.60	0.72	1.80	5.00
Perceived Privacy Risk	2.70	0.85	1.00	5.00
Digital Brand Building	4.15	0.58	2.50	5.00

Note: Mean values above the scale midpoint (3.0) indicate generally positive perceptions, while lower values reflect greater concern or disagreement. The responses were measured in a 5-point Likert scale. (1 = Strongly Disagree to 5 = Strongly Agree).

Key Interpretation

Descriptive findings suggest that respondents have a positive attitude toward generative AI-based marketing, with some exceptions being trust and attitude toward brand value. The issue of authenticity is still moderate, and it is repeated by the literature on AI marketing on the so-called human feel of AI-generated communication. Privacy perceptions, in the meantime, demonstrate the anticipated level of caution but the low mean indicates that respondents might feel better about AI under the conditions of transparency measures.

These descriptive understandings form a base on the reliability, validity and model testing analyses that are discussed in the following sections.

4.4 Reliability Analysis

In this section, the internal consistency of the measurement scales, which are utilized in the measurement of the five core constructs, namely, generative AI-driven hyper-personalization, trust, authenticity, perceived privacy risk, and digital brand building, are evaluated. Internal consistency reliability was assessed using Cronbach's alpha, with values of 0.70 and above considered acceptable (Kline, 1999).

The internal consistency of all constructs was good with a Cronbach alpha ranged between 0.74 and 0.86. These findings provide a sound foundation for subsequent regression and mediation analyses, as they confirm that the measurement items consistently captured their intended constructs.

Table 7 Reliability Measures for Study Constructs

Construct	Cronbach's Alpha (α)
Hyper-Personalization	0.82
Trust	0.85
Authenticity	0.78
Perceived Privacy Risk	0.74
Digital Brand Building	0.86

Note: Cronbach alpha (0.70 or above) is acceptable internal consistency.

Summary Interpretation

The reliability test demonstrates that all the constructs were found to be at or above the accepted psychometric standards of reliability, which means that measurements will be the same across all the items. This justifies the continuation of the analysis of regression relationships and mediation effects in the next section.

4.5 Validity Analysis

This section examines the validity of the measurement scales used in the study to ensure that the five core constructs namely Generative AI-Driven Hyper-Personalization, Trust, Authenticity, Perceived Privacy Risk, and Digital Brand Building were measured appropriately and distinctly. Content validity and construct validity checks were used to

determine validity because it is the best practice in using surveys as a quantitative research method based on regression and mediation analysis.

4.5.1 Content Validity

The validity of the content was determined when the research instrument was developed. All items included in measurement had been previously validated scales in previous studies on AI-driven marketing, branding, and consumer behaviour. In further building the content validity, the questionnaire was subjected to academic supervisors and digital marketing practitioner to establish the clarity, relevance, and congruence with the intended constructs. Minor refinements were made based on their feedback to improve conceptual coverage and suitability for the study context.

4.5.2 Construct Validity

Construct validity was investigated with the help of Exploratory Factor Analysis (EFA) in SPSS. EFA was used to evaluate the extent to which measurement items loaded on their respective constructs in the most appropriate way possible and to determine whether the items were able to capture the theoretical dimensions underlying the study variables.

All the items as illustrated in Table 7 exhibited satisfactory factor loading with a threshold of 0.60, which shows that they are strong indicators of their constructs. The factor structure was in accordance with the conceptual framework of the study, which justified the suitability of the measurement scales adopted.

Table 8 Exploratory factor analysis (EFA) in SPSS

Construct	Item	Loading
Hyper-Personalization	HP1	0.78
	HP2	0.82
	HP3	0.75
	HP4	0.80
Trust	Trust1	0.79
	Trust2	0.83
	Trust3	0.81
	Trust4	0.77
Authenticity	AU1	0.74
	AU2	0.79
	AU3	0.69
	AU4	0.76

Perceived Privacy Risk	PPR1	0.76
	PPR2	0.74
	PPR3	0.72
	PPR4	0.70
Digital Brand Building	DBB1	0.82
	DBB2	0.85
	DBB3	0.79
	DBB4	0.77

Note: Factor loadings of 0.60 or higher indicate that items adequately measure their respective constructs.

4.5.3 Discriminant Validity

Discriminant validity was further supported by the theoretical distinction between constructs and findings of the exploratory factor analysis, which indicated that items loaded higher on their target constructs compared to others. Moreover, the correlation pattern of the inter-constructs demonstrated that the constructs were capturing conceptually different phenomena regarding consumer perceptions of AI-based hyper-personalization and digital brand building.

These outcomes imply that the variables of the study were distinct enough to give meaningful interpretation of regression analysis and mediation analysis to be done in the following section.

Summary Interpretation

Generally, validity test proves that measurement scales employed in this research have good content and construct validity. These results confirm that the constructs were measured in a consistent and suitable manner and it forms a sound basis of the regression and mediation tests using the results in Section 4.6.

4.6 Hypothesis Testing Results

This section provides the outcome of hypothesis testing performed to assess the direct and mediated effects of Generative AI-Driven Hyper-Personalization, Trust, Authenticity, Perceived Privacy Risk, and Digital Brand Building. Using multiple regression and mediation analysis (PROCESS Macro, Model 4), all hypotheses (H1--H4) were tested at the significance level of $p < .05$.

The results show substantial direct effects between the independent and dependent variables and also significant indirect effects through the mediators. These findings are summarised in tables 8 and 9

Table 9 Direct and Indirect Effects of the Hypothesized Relationships

Pathway	β	SE	t	p	Result
Hyper-Personalization → Trust	0.54	0.07	7.71	< .001	Supported (H1a)
Hyper-Personalization → Authenticity	0.47	0.08	5.88	< .001	Supported (H1b)
Hyper-Personalization → Perceived Privacy Risk	–0.36	0.09	–4.00	< .001	Supported (H1c)
Hyper-Personalization → Digital Brand Building	0.39	0.06	6.50	< .001	Supported (H2)
Trust → Digital Brand Building	0.44	0.07	6.29	< .001	Supported (H3a)
Authenticity → Digital Brand Building	0.32	0.08	4.00	< .001	Supported (H3b)
Perceived Privacy Risk → Digital Brand Building	–0.28	0.07	–4.00	< .001	Supported (H3c)
HP → DBB (Indirect via Trust)	0.24	—	—	< .001	Supported (H4)
HP → DBB (Indirect via Authenticity)	0.15	—	—	< .001	Supported (H4)
HP → DBB (Indirect via Privacy Risk)	0.10	—	—	< .001	Supported (H4)

Note: HP=Hyper-Personalization, DBB=Digital Brand Building. Source: complied by the author based on survey data (2026).

4.6.1 Direct Effects (H1 and H2)

Hyper-personalization showed strong positive effect on trust (β = 0.54) and on authenticity (β = 0.47) and a significant negative effect on perceived privacy risk (β =-0.36) confirming H1.

A positive and significant direct effect was also found between hyper-personalization and digital brand building (β = 0.39), supporting H2. These results indicate that personalized using AI improves consumer perceptions and strengthens brand outcomes when consumers see it relevant and value-adding.

4.6.2 Mediating Effects of Trust, Authenticity, and Perceived Privacy Risk (H3)

All the mediators significantly influenced the development of the digital brand. Since trust was the most significant predictor (β = 0.44), it showed that trust in the model is key to consumer reaction to AI-enabled personalization. In total, the research results showed that, Authenticity made a significant contribution of (β = 0.32) to AI content, highlighting the importance of AI content feeling real and consistent with brand identity. Perceived Privacy Risk had a negative association on building brand (β = -0.28) confirming that it is an ethical barrier. These results support the hypothesis H3 and suggest the dual relational and ethical pathways that AI-personalization leads to the value of a brand.

4.6.3 Mediation Analysis (H4)

Using mediation analysis a significant indirect effect of hyper-personalization on digital brand building through all three mediators was found. Trust and authenticity transmitted positive indirect effects, while perceived privacy risk acted as a protective mediator, where reduced privacy risk contributed positively to digital brand building:

Via Trust: β = 0.24

Via Authenticity: β = 0.15

Via Perceived Privacy Risk: β = 0.10

Because the direct effect was found to be significant in addition to these indirect paths, partial mediation was confirmed. This is supportive of H4 and suggests that hyper-personalization improves brand outcomes not only because of direct engagement, but because of increased trust, perceived authenticity, and reduced privacy concerns.

Table 10 Summary of Hypothesis Testing

Hypothesis	Statement	Result
H1	Hyper-personalization increases trust and authenticity and reduces perceived privacy risk	Supported
H2	Hyper-personalization directly enhances digital brand building	Supported
H3	Trust and authenticity positively, and perceived privacy risk negatively, influence digital brand building	Supported

H4	Trust, authenticity, and perceived privacy risk mediate the relationship between hyper-personalization and digital brand building	Supported (Partial Mediation)

*Note: Overall Interpretation t*he findings suggest that generative AI-driven hyper-personalization has a meaningful effect in improving digital brand building, both directly and indirectly through relational (trust, authenticity) and ethical (privacy) mechanisms. These results highlight on the importance of finding a balance between technological sophistication and transparency and emotional resonance in AI enabled marketing strategies.

4.7 Interpretation of Key Findings

The empirical results show that digital brand building is much stronger with the use of generative AI hyper-personalization that can influence it directly and indirectly via the intermediaries of trust, authenticity, and perceived privacy risk.

To begin with, hyper-personalization had a positive effect on trust and authenticity and decreased the perceived risk of privacy. This justifies the conceptual assumptions made on the Technology Acceptance Model (TAM) and Brand Relationship Theory. The findings are consistent with corresponding research, e.g. Prasanna and Kushwaha (2025) and Saura et al (2024) pointing at customized AI engagement improving perceptions of usefulness, ethical visibility and relevance. Moreover, the data suggests that perceived privacy risk diminished as indicated by the observed reduction, meaning consumer fears are diminished with transparency and responsible data management.

Secondly, the findings show that trust and authenticity presented high positive effects on digital brand building, in the other hand perceived privacy risk had a great negative impact. The results correspond to Rejitha and Jayalakshmi (2025) and Bruns and Meissner (2024), who also established that credibility, sincerity, and assurance of privacy are the relational components that are essential to develop relationships between consumers and their brands through AI mediation.

Thirdly, the mediation analysis showed that the effect of hyper-personalization on brand building is mediated by trust and authenticity and perceived privacy risk. It confirms the suggested conceptual framework and addresses the issue of the personalization-privacy paradox that was found in earlier sources (e.g., Soni, 2024; Grewal et al., 2025). The findings underpin the fact that personalization can only be translated into more favorable returns for the brand when it is implemented in a way that generates trust and a sense of fairness.

Finally, culturally dependent and regulatory insights based on Lithuania and Nigeria showed that the meaning of the AI personalization to consumers is determined by the cultural background and regulatory landscape. Rather than serving as comparative outcomes, The

Lithuanian and Nigerian contexts provide a useful background for interpreting the findings within different regulatory and digital environments. However, this study does not test cross-country differences; therefore, the results are interpreted as reflecting the overall sample within the contextual scope of Lithuania and Nigeria.

4.8 Summary of the Chapter

This chapter presented the empirical findings of the research with the initial data screening processes that verified the dataset to be suitable for multivariate analysis. The demographic description ensured a representative and diverse sample in Lithuania and Nigeria. The initial glimpse of the perceptions founded on hyper-personalization, trust, authenticity, privacy and digital brand building had already been presented in the form of descriptive statistics.

The measurement scales demonstrated acceptable reliability and validity, supporting consistent measurement across constructs. Hypothesis testing using regression and PROCESS-based mediation analysis showed that generative AI-driven hyper-personalization influences digital brand building directly and indirectly through trust, authenticity, and perceived privacy risk. The importance of relational and ethical factors in AI-driven brand communication was also confirmed by mediation analysis, which also proved the presence of partial mediation.

Overall, the chapter offers strong empirical evidence to the conceptual model and preconditions the interpretation, implications and conclusions presented in Chapter Five.

CHAPTER FIVE
DISCUSSION, IMPLICATIONS, AND CONCLUSION

This chapter discusses the study based on the overall findings from Chapter Four. Instead of repeating the results, it explains what they mean for understanding generative AI–driven hyper-personalization in digital brand building. It highlights key implications for practice and theory, notes the study's limitations, and suggests areas for future research.

5.1 Overall Discussion of Findings

Looking at the findings as a whole, the study suggests that generative AI–driven hyper-personalization can support digital brand building, but in specific circumstances. Although the technology of personalization provides brands with the capabilities of personalization of experiences at scale, the results show that its effectiveness will greatly depend on the manner in which the consumers might rate the experiences in terms of emotions and ethics.

One thing that stood out to me is that all hypotheses were supported. At least I expected one relationship to be weaker, especially because privacy concerns can sometimes reduce the benefits of personalization. The fact that the model held consistently suggests that trust, authenticity, and privacy are not "extra" issues in AI branding; they are central to how consumers judge AI-driven personalization.

Among the most valuable lessons of this research is that trust and authenticity play a central role in forming a consumer reaction to the AI-enhanced brand communication. The implication of the results is that the consumers would be open to interacting with AI-created personalized content when they believe it to be reliable, sincere, and in line with the values of that brand. This strengthens the argument that technological sophistication is not enough, as the consumers are expecting to receive something human-like even in their interactions with the brand despite the fact that it has been automated through an algorithm.

The second important lesson is the importance of perceived risk of privacy. The results show that the fears of data utilization may undermine the beneficial impact of personalization in case the consumers feel uneasy or insecure about the way in which their data is managed. This brings out the existing conflict between the gains of personalization and loss of privacy and it implies that personalization can only add to building a brand when seen as just and respectful. The findings also imply that the contextual expectations of the use of data and ethical responsibility influence consumer assessments of AI-based personalization and differ in the context of various digital settings.

In general, the findings were largely consistent with the study's expectations, though they also emphasize how sensitive AI-driven brand strategies are to consumer perceptions. The paper establishes that hyper-personalisation is not necessarily good or bad, but it is a value that is realized based on the nature of its implementation. As a researcher, this confirms

the perception that the element of digital brand building in the era of AI is still an inherently social endeavor to build trust, authenticity and ethical considerations and not just a technological one.

5.2 Implications for Digital Marketing Practice

The findings of this study offer several practical insights for marketers adopting generative AI in digital branding. The first is the importance of transparency in the processes of providing personalization and how consumer data are being used. Uncertainty can be minimized by communicating clearly the practices regarding consumers' data, which in return strengthens trust.

Secondly, the AI-created content must be composed in a way that it does not seem too mechanical or invasive but represents a true brand identity. A systematic and real-brand tone can also serve to make consumers feel that AI communication is less manipulative than supportive.

Thirdly, brands are to provide consumers with more control over the personalization setting and data sharing. The perceived privacy risk can be minimized as well as the brand perceptions, by letting the users have the ability to control their preferences.

Lastly, the results indicate that AI ought to be used to supplement and not to substitute human interaction. Complex or delicate customer contacts are likely to still demand the use of a human touch to maintain the emotional appeal and brand integrity. These practices combined can assist brands in using AI personalization in a manner that facilitates long-term digital brand building.

5.3 Theoretical Contribution of the Study

This study contributes to the digital marketing and branding literature by empirically demonstrating how generative AI–driven hyper-personalization influences digital brand building through relational and ethical mechanisms rather than technology alone. Whereas prior literature has, in most cases, investigated AI personalization in terms of performance or adoption, the current study builds upon the current literature frameworks by combining trust, authenticity, and perceived privacy risk as concurrent mediators in a single quantitative model.

By combining insights from the Technology Acceptance Model and Brand Relationship Theory, the study shows that the effectiveness of AI-based personalization depends on how consumers interpret its ethical and relational meaning, not merely its functional usefulness. By so doing, the research contributes to the theoretical research on AI-enabled branding by establishing trust, authenticity, and privacy as the primary explanatory mediators by which generative AI influences long-lasting digital brand relationships.

5.4 Limitations of the Study

Despite its contributions, this study has several limitations. The use of a cross-sectional design captures consumer perceptions at a single point in time and does not account for changes in attitudes as AI technologies evolve. The use of self-reported data can also be a source of bias in the responses, even though attempts have been made to make it clear and anonymous. In addition, the study's use of non-probability sampling means the findings cannot be assumed to represent consumers beyond those who are digitally active.

The study does not address the unresolved boundary of hyper-personalization, particularly the tension between consumers' desire for tailored experiences and their discomfort when brands appear to know 'too much,' leaving open the question of where personalization becomes intrusive rather than valuable.

The contextual focus on Lithuania and Nigeria, while valuable for understanding diverse digital environments, also restricts broader cultural generalization. Considering the speed of technological evolution in generative AI, the expectations and norms of interactions among consumers are always changing, and thus the results can be quickly outdated as the digital world changes.

Lastly, the analysis was specifically done on a controlled number of mediating variables, and additional psychological or emotional determinants could be used to provide more insights into consumer reactions to AI-based personalization.

5.5 Directions for Future Research

Future research could extend this study by adopting longitudinal designs to examine how consumer perceptions of AI-driven personalization evolve over time, particularly as generative AI technologies continue to develop.

The results will also be more broadly applicable if larger samples and probabilistic sampling techniques are used. Researchers could examine whether emotional attachment or fairness perceptions help explain how consumers develop relationships with brands that use AI.

Another important area for future research is the boundary of hyper-personalization, especially the point at which personalized experiences shift from being perceived as helpful to becoming intrusive.

Lastly, a qualitative or mixed-method approach may be used to add more depth to understanding how consumers perceive and feel about AI-created brand communication, which would complement the quantitative results of the current research.

5.6 Final Conclusion

In conclusion, this study demonstrates that generative AI–driven hyper-personalization can contribute to digital brand building when it is perceived as trustworthy, authentic, and respectful of consumer privacy. The results point to the importance of the human experience of AI-enabled branding as a determinant of its success rather than technological ability. By emphasizing ethical data use, emotional sincerity, and transparency, brands can harness generative AI as a supportive tool for building stronger and more sustainable digital brand relationships.

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APPENDIX A SURVEY QUESTIONNAIRE

Instruction to respondents:

Please indicate your level of agreement with each statement using the scale below:

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

Section A: Demographic Information

Age

☐ 18–24 ☐ 25–34 ☐ 35–44 ☐ 45–54 ☐ 55+

Gender

☐ Male ☐ Female ☐ Prefer not to say

Highest level of education

☐ Secondary ☐ Bachelor's ☐ Master's ☐ Doctorate ☐ Other

Occupation

☐ Student ☐ Employed ☐ Self-employed ☐ Unemployed ☐ Other

Country of residence

☐ Lithuania ☐ Nigeria

Frequency of interacting with brands online

☐ Rarely ☐ Occasionally ☐ Frequently ☐ Very frequently

Section B: Generative AI–Driven Hyper-Personalization

(Independent Variable)

Brands I interact with online provide content that feels tailored to my personal interests.

AI-based recommendations from brands are relevant to my preferences and needs.

I find AI-driven personalization helpful when interacting with brands online.

Personalized brand messages improve my overall digital experience.

AI-generated content makes brand interactions more engaging.

Section C: Trust

(Mediator 1)

I trust brands that use AI to personalise my online experience.

Brands using AI-driven personalization appear reliable to me.

I believe AI-based brand communication is generally accurate.

I feel confident interacting with brands that use AI technologies.

AI-driven personalization increases my trust in a brand.

Section D: Authenticity

(Mediator 2)

AI-generated brand messages feel genuine rather than artificial.

Personalized brand communication feels sincere and honest.

Brands using AI still express a clear and authentic identity.

AI-driven personalization does not make brands feel fake or manipulative.

Personalized content reflects the true values of the brand.

Section E: Perceived Privacy Risk

(Mediator 3)

I am concerned about how brands collect my personal data for AI personalization.

I feel uneasy when brands use AI to track my online behaviour.

AI-based personalization increases my concern about data privacy.

I worry that my personal information may be misused by brands using AI.

I feel I have limited control over my data when brands use AI personalization.

(Note: higher scores indicate higher perceived privacy risk)

Section F: Digital Brand Building

(Dependent Variable)

AI-driven personalization strengthens my relationship with a brand.

Personalized digital experiences increase my engagement with brands.

Brands using AI-based personalization appear more credible to me.

I am more likely to remain loyal to brands that personalize content effectively.

AI-driven personalization improves my overall perception of a brand.

Closing Note to Respondents

Thank you for participating in this survey. Your responses are anonymous and used solely for academic research purposes.

APPENDIX B PILOT STUDY ADJUSTMENTS

This appendix identifies the changes done in the research instrument after the pilot study that was carried out before the actual data collection. The pilot test was conducted on 30 people and was to evaluate clarity, wording and flow of the questionnaire as a whole. Based on feedback from the pilot study, the following adjustments were implemented:

Minor rewording of selected items to improve clarity and comprehension

Simplification of technical terms to ensure respondent understanding

Improved sequencing of questions to enhance logical flow

Confirmation of scale reliability prior to full deployment

These refinements enhanced the reliability and validity of the measurement instrument and ensured its suitability for the main survey.

APPENDIX C ETHICAL APPROVAL DOCUMENTS

This research was conducted in accordance with the ethical and academic integrity requirements of Vilnius University Business School. It was a quantitative online survey of adult online digital consumers which was categorized as low risk because it did not deal with vulnerable groups, use experimental processes, or gather sensitive personal information. Academic supervision process at Vilnius University Business School was used in ensuring ethical compliance before data collection. All respondents participated in the study on a voluntary basis and informed consent was made prior to filling the questionnaire.

The purpose was explained to participants regarding the study aim, the anonymity of the study, and the right to pull out at any time without being penalized. No personal identifiable information of names, contacts or IP addresses was gathered. The data collection methods comprised the use of a secure online survey system and were kept in password-protected files available to the researcher only. Each data processing process was in accordance with the data privacy policy of Vilnius University and the General Data Privacy Regulation (GDPR). The reviewed data were not utilized beyond academic research. According to Vilnius University Business School guidelines, no formal external approval of the ethical committee was necessary in such cases of research (anonymous survey-based).